

## **Health Coverage Tax Credit** **Terms, Acronyms and Definitions**

**Advance Tax Credit** ~ A payment plan through which the HCTC assists in paying an eligible individual's monthly health plan premiums as they become due. Eligible individuals must register for the advance credit program.

**Break In Coverage** ~ A period of time during which an individual is without creditable coverage. An HCTC candidate can be required to have had three months of creditable coverage immediately preceding the time that they apply for a qualified health plan. The "immediately" includes a possible break in coverage up to sixty-three days. If the break in coverage is more than 63 days, the plan can impose preexisting condition exclusions. Although a health plan administrator can require three months of creditable coverage, it can also waive this requirement.

**Alternative TAA recipient ~ Alternative Trade Adjustment Assistance** - workers at least 50 years of age who have obtained different, full-time employment within 26 weeks of separation from adversely-affected employment. These workers may receive 50 percent of the wage differential between trade affected employment and re-employment (up to a maximum of \$10,000) during their two-year eligibility period.

**COBRA** ~ Consolidated Omnibus Budget Reconciliation Act of 1986. COBRA provides the right to temporary continuation of health coverage at group rates for certain former employees, retirees, spouses, former spouses, and dependent children. Eligible individuals must have lost coverage due to a qualifying event and have been enrolled in their employer's health plan when working. (The health plan must continue to be in effect for current employees.) Generally, group health plans for employers with 20 or more employees in the previous calendar year are subject to COBRA.

**Certificate of Creditable Coverage** ~ A Certificate of Creditable Coverage is a document that serves as evidence of prior health care coverage for reducing how much or how long a health care plan can exclude a person from coverage for a preexisting health condition. You may be asked by your health plan to provide this documentation when you apply for coverage.

**Creditable Coverage**- Credit given to an individual by an employer for the length of time they had prior continuous health coverage, without a break in coverage of 63 days or more. An HCTC candidate can be required to have had three months of creditable coverage immediately preceding the time that they apply for a qualified health plan. The "immediately" includes a possible break in coverage up to sixty-three days. If the break in coverage is 63 or more days, the plan can impose preexisting condition exclusions. Although a health plan administrator can require three months of creditable coverage, it can also waive this requirement.

For the purposes of the HCTC, creditable coverage includes:

- A group health plan (including COBRA, Temporary Continuation of Coverage (TCC), or Utah Mini COBRA )
- Health insurance coverage (including individual coverage, college or school insurance, or short-term limited duration insurance)

**Health Coverage Tax Credit (HCTC) Bridge Program** ~ State Program established with the use of Department of Labor National Emergency Funds to provide 65% advance payments for qualified health insurance premiums, for a maximum of three (3) months during the national HCTC program registration process.

**Health Coverage Tax Credit (HCTC)** ~a Federal tax credit that is available as an advance payment or end of year tax credit. The HCTC pays 65% of health insurance premiums for eligible individuals.

**Group Plan** ~ Health coverage sponsored by an employer or employee organization (such as a union) for employees and their eligible dependents. The term "group health plan" is defined in Code §5000 (b) (1) of the IRC of 1986 as follows: a plan (including a self-insured plan) of, or contributed by, an employer (including a self-employed person) or employee organization to provide health care (directly or otherwise) to employees, former employees, the employer, other associated or formerly associated with the employer in a business relationship, or their families.

**Individual Coverage** - Individual coverage provided under a contract issued to one individual or family at a time usually requiring evidence of insurability and usually purchased through agents, brokers, or associations. In order to qualify for the HCTC with individual coverage, you must have been enrolled in the plan for at least 30 days before you were separated from the job that makes you eligible for TRA or for payments from the PBGC.

**Health Plan Administrator** ~ An entity that provides, or pays the cost of, medical care. Can include an insurance company, insurance service, or insurance organization (including an HMO) that is licensed to engage in the business of insurance in a state and is subject to state law that regulates insurance.

**Pension Benefit Guaranty Corporation (PBGC)** - The PBGC was created September 2, 1974 with the passage of the Employee Retirement Income Security Act (ERISA) of 1974. The PBGC is a quasi-government federal agency, which insures the pension benefits of about 43 million working men and women in nearly 40,000 private sector "Defined Benefits Pension Plans." It does not cover or insure defined contribution plans, 401K, etc. Before a defined benefit pension plan can be terminated, the PBGC must approve the termination.

A defined benefit pension plan that does not have enough money to pay benefits may be terminated if the employer responsible for the plan faces severe financial difficulty, such as bankruptcy, and is unable to maintain the plan. The PBGC then pays pension benefits under the terms of the plan, subject to legal limits, to plan participants and beneficiaries.

**PBGC pension recipient** ~ an individual who is 55 through 64 years of age and is receiving a pension benefit paid in whole or part by the Pension Benefit Guaranty Corporation (PBGC). Also, they are not eligible for Medicare Part A or B.

**Preexisting Condition Exclusion** ~ "Preexisting condition" means a condition, regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the six-month period immediately prior to the enrollment date. During a preexisting condition exclusion period, a group health plan will not pay for treatment related to a preexisting condition. However, it must pay for any unrelated treatments or conditions that the plan covers. Once the exclusion period is over, the health plan must pay for all covered services, including the ones for the preexisting condition.

**Qualified Health Plan** – Eligible individuals must be enrolled in qualified health coverage in order to claim the HCTC. The following types of health plans are qualified for purposes of the HCTC program:

- **State-qualified health plans.** IHC Health Plans is Utah's state-qualified health plan. If you have any questions about medical or pharmacy benefits, networks or enrollment, please call IHC Member Services at **1-801-442-5038** (in Salt Lake City) or **1-800-538-5038** (elsewhere in the Continental USA). When you are prompted to enter the number found on your ID Card, do not enter a number. Stay on the line and you will be transferred to a member service representative. **Be sure to tell the member service representative that you are with the HCTC group.**

- **COBRA continuation coverage**, unless the employer or former employer pays at least 50% of the cost of coverage. Any share of the premium that is paid by the eligible individual or the eligible individual's spouse on a pre-tax basis is considered to have been paid by your employer and must be included as such when determining the percentage of employer coverage.
- **Individual coverage** in which the eligible individual was enrolled for at least the last 30 days before being separated from the job that makes the individual eligible for TRA benefits, ATAA benefits, or for payments from the PBGC. (Individual coverage provided under a contract issued to one individual or family at a time usually requiring evidence of insurability and usually purchased through agents, brokers, or associations.)
- **An eligible individual's spouse's insurance from work**, as long as the employer contributes less than 50 percent of the total cost of coverage. Any share of the premium that is paid by the eligible individual or the eligible individual's spouse on a pre-tax basis is considered to have been paid by the employer and must be included as such when determining the percentage of employer coverage. (At this time, an eligible individual can only claim the credit with this type of coverage when the individual files their federal tax return and not in advance, unless it is COBRA coverage.) If the eligible individual qualifies for the HCTC under ATAA, the individual may claim the HCTC to pay for this type of coverage (other than COBRA, state-based continuation coverage, or a special insurance program entered into by the state and an employer designed to qualify for the HCTC) only if the employer does not pay for any portion of the cost of coverage.

***Qualifying Family Member*** - Qualifying family members are:

**An HCTC eligible individual's spouse**

**An HCTC eligible individual's dependents** that can be claimed on the individual's federal tax return. Children of divorced or separated parents are treated as dependents of the custodial parent for the purposes of the HCTC. The non-custodial parent may not claim the credit even if she or he is entitled to claim the tax exemption for the child or carries the child's health insurance.

***Spousal Coverage*** - Coverage under a group health plan that is available through the employment of the eligible person's spouse. In order for the plan to be qualified for the HCTC program, the spouse's employer must contribute less than 50 percent of the total cost of coverage for the spouse, the HCTC eligible person, and any dependents. (At this time, an eligible individual can only claim the credit with this type of coverage when the individual files their federal tax return and not in advance, unless it is COBRA coverage.) If the eligible individual qualifies for the HCTC under ATAA, the individual may claim the HCTC to pay for this type of coverage (other than COBRA, state-based continuation coverage, or a special insurance program entered into by the state and an employer designed to qualify for the HCTC) only if the employer does not pay for any portion of the cost of coverage.

***State-Qualified Health Plan*** - Health plans that have been qualified by a state's Department of Insurance (DOI) as meeting the requirements set forth in the Trade Act of 2002. Currently IHC Health Plans is Utah's only state-qualified health plan.

***TAA recipient*** ~ an individual receiving UI Benefits and is eligible for trade readjustment allowance (TRA) under the TAA program. Also, the individual must be in TAA Approved Training or on a waiver from training.

***Third Party Designee*** ~Someone you authorize to access and update your HCTC account. If you want to allow a Workforce Services representative, friend or family member the ability to discuss your HCTC account with the HCTC program, you must provide the HCTC program their name, phone number and a personal identification number (PIN)

***Trade Adjustment Assistance (TAA)*** ~ A benefit for those workers who lose their jobs or whose hours of work and wages are reduced as a result of increased imports. Employers must apply to the Department of Labor to have their employees certified as TAA eligible. TAA includes a variety of benefits and re-employment services to help unemployed workers prepare for and obtain suitable employment. Workers may receive assistance in skill assessment, job search workshops, job development/referral and job placement. In addition, workers may be eligible for training, job search allowance, relocation allowance and other reemployment services.

***Trade Readjustment Allowance (TRA)*** ~ may be payable to eligible workers following their exhaustion of unemployment benefits. TRA benefits will be paid only if eligibility is met and an individual is enrolled in a TAA approved training program or received an approved waiver.

***TIN*** - Taxpayer Identification Number